

EXECUTIVE SECRETARIAT

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
December 27, 1982



BULLETIN NO. 83-9

TO THE HEADS OF DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Submission of Revised Current Services Estimates
for the 1984 Budget

1. Purpose. This Bulletin provides instructions for the preparation and submission of revised current services estimates for fiscal years 1983 through 1988.

2. Background. OMB Bulletin No. 83-1 provided instructions concerning the initial submission of current services estimates for fiscal years 1983 through 1988. Sections 27.1-27.3 of OMB Circular No. A-11 provide instructions for the preparation of current services estimates.

In addition, revised current services credit estimates are required for agency transactions financed by or through the Federal Financing Bank and for the lending activities of the Rural Electrification Administration. Sections 33.4 and 33.5 of OMB Circular No. A-11 provide general instructions for the preparation of credit data.

3. Basis for the estimates.

a. Current services base estimates for fiscal year 1983. Current services base estimates for fiscal year 1983 will reflect final economic assumptions and completed Congressional action.

In particular, the effects of the following should be incorporated into the 1983 current services base:

- The final economic assumptions for the 1984 Budget that will be provided by OMB.
- Legislation enacted during the lame-duck session of the 97th Congress. In the absence of enacted appropriations, the 1983 current services base should be derived from the annualized rates of budget authority and the estimated outlays that result from the continuing resolution in effect at the close of the 97th Congress. Discretionary programs should not include an inflation adjustment to the 1983 budget authority levels contained in enacted appropriations or derived from the continuing resolution.

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-- Debt collection activities and the sale of surplus property, as authorized under current law.

Current services base estimates should include the effect of the October 1, 1982, pay raise and the agency's share of the Medicare Hospital Insurance tax beginning on January 1, 1983. (They should be included, for fiscal year 1983, on the appropriate pay supplemental line entries.) The 1983 estimates will reflect the agency's absorption of the October 1982 pay raise and the agency's share of the Medicare Hospital Insurance tax resulting from the guidance in OMB Bulletin No. 83-7 that was required in the fiscal year 1984 budget decisions.

b. Current services estimates 1984-1988. These estimates will reflect the continuation of on-going Federal programs and activities at 1983 current year, current services base levels without policy changes and will be consistent with the final economic assumptions to be provided by OMB.

The 1984-1988 estimates should reflect the full effect of the October 1982 pay raise and the full year amount of the agency's share of the Federal employee payroll tax for Medicare Hospital Insurance that goes into effect January 1, 1983.

For nonpay-related programs, the instructions in attachment A will be used to adjust current services estimates for the effects of assumed future inflation. Exhibit 1 applies these instructions, using hypothetical price measures, to an account that includes pay-related expenses, grants to States and localities, construction programs, and nonpay Federal purchases. Budget authority for nongrant activities should be based on the deflator supplied by OMB that most accurately reflects future prices to be experienced by the Federal Government for such activities. The use of any other deflator must be approved in advance by OMB. The agency must demonstrate to OMB that different inflation rates are expected for the program and that these rates are consistent with the projected inflation rates in the broader deflators supplied by OMB. m n

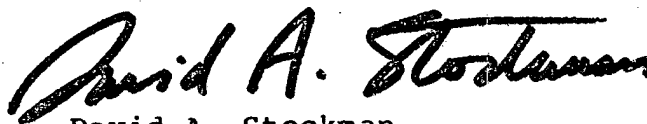
4. Materials required. OMB will provide the agencies with final economic assumptions for 1983 through 1988 and copies of computer listings for revising the current services estimates by January 3, 1983. A separate computer listing will contain information on certain credit activities. Agencies will revise the estimates and prepare the summary table and other supporting materials required by section 27.3 of OMB Circular No. A-11. Agencies also will prepare supporting information for current services credit estimates in accordance with the instructions contained in attachment B and in the format of exhibit 2.

Agencies furnishing revised estimates to OMB via computer terminals will use these terminals to enter the requested information. However, for credit activities the required information will be submitted on the computer listings. All other agencies will mark up and return the computer listings. The current services budget authority and outlay data will be entered into Record Type "S/T" for 1983 through 1988. The current services receipts estimates will be entered into Record Type "K" for 1983 and 1984 and into Record Type "M" for 1985 through 1988.

Agencies will submit with the current services estimates a brief description of estimating methodology used and an identification of the deflator(s) used in making the estimates for each account or group of similar accounts.

5. Timing. Agencies will submit two (2) copies of the required materials to OMB no later than January 10, 1983. However, the summary table that shows a bridge between the current year, current services base estimates and the budget year current services estimates will be submitted subsequently at the request of OMB.

6. Inquiries. Inquiries should be directed to the OMB representative responsible for reviewing the agency's budget estimates.



David A. Stockman
Director

Attachments

Attachment A
Bulletin No. 83-9

Guidelines for Adjusting Current
Services Estimates for the Effects
of Future Inflation

The following guidelines will be used for adjusting current services estimates to reflect the effects of future inflation on current services estimates for budget authority, outlays, and offsetting collections. Exceptions to the inclusion of future inflation in the estimates are listed in section 27.2(b)(2) of OMB Circular No. A-11.

1. If a program contains pay-related items, separate the program into nonpay budget authority and pay-related budget authority. Only the nonpay budget authority is to be adjusted for inflation.

2. Select the most appropriate deflator from the alternative price measures supplied by OMB.

3. If the program is comprised, in part or entirely, of grants to State and local governments, the budget authority for the grant portion should be based on the deflator that most appropriately reflects future prices to be experienced at the State and local level. The following general criteria for grants deflators are appropriate:

-- General purpose grants--the State and local purchases deflator.

--- Grants for payments to individuals--the consumer price index.

-- Grants for construction programs--either the State and local purchases deflator, the GNP deflator, or the Federal nonresidential construction deflator.

4. Budget authority for nongrant activities should be based on the deflator supplied by OMB that most accurately reflects future prices to be experienced by the Federal Government for such activities. The use of any other deflator must be approved in advance by OMB. The agency must demonstrate to OMB that different inflation rates are expected for the program and that these rates are consistent with the projected inflation rates in the broader deflators supplied by OMB.